

TESTIMONY OF
FUND FOR ASSURING AN INDEPENDENT RETIREMENT (FAIR)
before the
COMMITTEE ON POST OFFICE & CIVIL SERVICE
U. S. HOUSE OF REPRESENTATIVES

September 20, 1983

Mr. Chairman. On behalf of the President and Chairman of the Board, Vincent Sombrotto, we appear here today as representatives of FAIR. Recently, the 26 member organizations voted unanimously to continue FAIR as a voluntary coalition of unions and employee organizations concerned with legislative issues affecting all active and retired federal and postal employees. At its June 7, 1983 Board of Directors meeting, new officers were elected: Vincent Sombrotto, Chairman of the Board and President; Kimberly C. Parker, Secretary, and Jerry Klepner, Treasurer. My name is Jerry Klepner. With me this morning are Kimberly C. Parker, Secretary of FAIR, and George Gould, Chairman of FAIR's Legislative Committee.

We are here today at your invitation to discuss FAIR's position on the situation facing new federal and postal employees hired on or after January 1, 1984. Under the present law, they will be required to pay 7% into Civil Service Retirement and an additional 7% into Social Security.

Mr. Chairman, we want to thank you and other members of the Committee for your farsighted approach in initiating studies to compile the necessary information and actuarial data to develop a long term solution to mandatory social security coverage for new federal and postal employees.

As a coalition representing federal and postal employees, we anticipated problems that could arise if the Social Security coverage was extended to new government employees. During the debate on the Social Security bill this year, on many occasions we took the opportunity to express our concerns that there would be a dichotomy between new and present employees. That situation becomes a reality on January 1, 1984.

If a solution can be developed to resolve this dichotomy, we as a coalition of 26 federal and postal unions and employee organizations believe that any such solution must meet certain tests to be viable, workable and acceptable.

And, if a solution is indeed going to be enacted into law, it is essential that there be a consensus by all involved parties.

To reach that consensus it is necessary to thoroughly communicate. That is why we appreciate these hearings which give us the opportunity today to work with you and your staff on this issue.

Given that opportunity, we would like to discuss briefly some tests that must be met if a solution is to be achieved. These tests are consistent with FAIR's position since its inception and variation from this runs contrary to that

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historical perspective.

First, it is essential that all post-1983 hires be covered by the Civil Service Retirement System. Under present law these employees are covered by that system. We would not support any legislation that would remove them from the Civil Service Retirement System or leave them in limbo, even for a relatively short period of time.

Second, contributory funding for the Federal retirement trust funds must continue. It is essential that there be no interruption and no reduction in those contributions. Continuing full contributions insure that all options remain available, and insure the financial solvency and integrity of the Federal retirement trust funds.

Third, there must be equity between new employees and present employees. Inequities in contribution levels could result in personnel problems, declining morale, and drops in productivity. To have two employees at the same pay level, doing the same job and yet one contributing 7% toward Civil Service Retirement, and the other contributing 7% to Civil Service Retirement and 7% to Social Security, is inherently inequitable.

The government, to work effectively, must be able to attract and retain qualified employees. As employee and retiree organizations, we are concerned with the welfare of current employees and retirees whom we represent.

We are also the organizations who will be representing

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these new employees. We are concerned that they be treated fairly and that there be no fragmentation of the federal workforce.

Mr. Chairman, we welcome the opportunity to work with you and your staff to develop a solution to the dichotomy between new and current federal and postal employees.

We will be more than happy to answer any questions you may have.